

WASHINGTON, D.C. – Congressman Kevin McCarthy joined House colleagues in cosponsoring bipartisan legislation, the Small Business and Military Family Assistance Act (H.R. 4042), that would extend a tax credit for small businesses that pay differential wages to their employees who are Armed Forces servicemembers and have been called up to active duty.

Congressman McCarthy issued the following statement:

*"When our brave men and women of the Armed Forces are called to active duty to protect America and defend freedom and liberty in Afghanistan, Iraq, and around the world, extending this tax credit for small business owners who support our troops by paying them differential wages is just the right thing to do. The last thing that our servicemembers deployed abroad or serving in harms way should have to worry about is being penalized financially. That is why I am pleased to join my colleagues in supporting both small businesses, which create over 70 percent of American jobs, and our men and women in uniform."*

Background:

The Small Business and Military Family Assistance Act would extend the credit guaranteed under the HEART Act in 2008 for another two years, which is set to expire on December 31, 2009. Under this bill, small businesses with less than 50 employees would continue to qualify for a 20% tax credit on up to \$20,000 per year in differential wage payments to employees called to service. Generally, "differential wages" is defined as the difference between an active duty service member's military pay and the salary he or she would have earned working for his or her current small business employer.

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[Text](#) of H.R. 4042

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